

Attorney General James Announces Final Rules to Modernize and Streamline Securities Filings in NYS

*Adopted Rules Will Move Filers to National Electronic Systems,
Create Greater Protections for Investors*

NEW YORK – New York Attorney General Letitia James today announced the adoption of final rules that will modernize registration and filing with the Investor Protection Bureau (IPB) in the Office of the Attorney General (OAG). This adoption is the latest step in Attorney General James’ ongoing efforts to streamline and enhance the oversight of the securities industry in New York by moving filings and payments to standardized federal and multi-state systems. Once these changes are fully implemented in 2021, New York’s registration procedures will better conform to the federal securities registration regime, cure industry confusion when it comes to certain registration requirements, and better track exam requirement compliance and disciplinary disclosures for thousands of investment advisers who provide investment advice to New Yorkers. Earlier this year, while these new rules were being completed, [Attorney General James announced procedural changes to respond to growing impediments stemming from the coronavirus disease 2019 \(COVID-19\) public health crisis](#). An [update to those changes, that reflect the new rules and recent executive orders, can be found on the OAG website](#).

“These new rules reflect years of hard work by this office to bring securities registration into the 21st century,” said **Attorney General James**. “By moving to standardized electronic filings and payments, our systems will be more resilient to disruption in the future and will be better equipped to protect investors from frauds, especially critical as we have seen an exponential rise in these types of scams as a result of COVID-19. It is more important than ever for New Yorkers to know who they are dealing with when making an investment, and these rules will do exactly that by expanding the registration and tracking of individual investment advisers. Ultimately, this action represents a significant step forward in our efforts to protect New York investors and oversee securities sales practices.”

A detailed summary of the changes in the new rules can be found on the [IPB’s Rule Proposal page](#), but the revisions impact two benchmark rules for New York securities regulation. The first adoption — amending Part 10 of Chapter II, Title 13 of the Official Compilation of Codes, Rules and Regulations of the State of New York (NYCRR) — will move required notice filings for federal “covered securities” being sold in New York to the electronic filing depository system for the North American Association of Securities Administrators (NASAA). The adopted rules clarify that these filings are mandatory and should be [filed on the NASAA website](#) beginning on December 2, 2020.

The second adoption — amending Part 11 of Chapter II, Title 13 of the NYCRR — will require the registration of investment adviser representatives (IAR) in New York, fully implementing the OAG’s registration authority under the Martin Act. IARs will be

required to register through the Central Registration Depository/Investment Adviser Registration Depository (collectively CRD/IARD). Beginning on February 1, 2021, IARs will be explicitly required to meet exam requirements and register with the state. To accommodate this change, the rule contains a significant implementation period, which allows those currently engaged in business covered by the new regulations to continue their business without an approved registration until December 2, 2021, so long as certain criteria are met. The adopted rule also creates a new exam special waiver category for people who have been serving as IARs for at least two years.

The OAG expects publication of the adopted rules in the State Register to occur tomorrow, December 2, 2020. The new Part 10 adoption will be effective upon publication. The new Part 11 adoption will be effective as of February 1, 2021, though the OAG expects that persons subject to the rule will begin preparations for compliance well before the effective date. The OAG plans to post further guidance on these rules prior to their taking effect.

A summary of the rule changes, guidance on EFD filings and IAR registration, and the full text of the new rules can be found on the [IPB's Rule Proposal page](#). [All forms referenced in the rules may be found on the OAG's website](#).

Applicants and registrants should periodically check the IPB's Rule Proposal page for updated guidance on the new rules. The [IPB will also be updating its website](#) in the coming months.